

Message Text

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47

ACTION PM-07

INFO OCT-01 NEA-14 ISO-00 AF-10 TRSE-00 AID-20 IGA-02 EB-11

OMB-01 MC-02 NSC-07 SP-03 SS-20 RSC-01 H-03 L-03

CIAE-00 INR-10 NSAE-00 DODE-00 SSO-00 INRE-00 NSCE-00

DRC-01 /116 W

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O 081550Z JUN 74

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC IMMEDIATE 5766

INFO USCINCEUR IMMEDIATE

C O N F I D E N T I A L TUNIS 3539

E.O. 11652: GDS

TAGS: MASS TS

SUBJECT: FY 74 FMS CREDIT, TUNIS

REFS: TUNIS 3106, 3213, 3319 AND 3395.

1. SUMMARY: AHMED BENNOUR, SECRETARY OF STATE IN MINISTRY OF DEFENSE CALLED IN CHUSLOT MORNING JUNE 8 TO DISCUSS FY 74 FMS CREDIT WHICH PREVIOUSLY TURNED DOWN BY GOT. CONVERSATION REVEALED CONSIDERABLE MISUNDERSTANDING ON PART OF GOT WITH TERMS OF CREDIT WHICH CHUSLOT CLARIFIED. CHUSTOT SUBSEQUENTLY RECEIVED CALL FROM MINDEF ASKING IF GOT COULD STILL ACCEPT CREDIT OFFER. MATTER OF FMS CREDITS FOR THIS FY HAS UNQUESTIONABLY BEEN BOTHERING GOT AND LEFT TO INCORRECT ASSUMPTIONS ABOUT USG INTENTIONS RE SUPPORT OF TUNISIAN MILITARY AND BY EXTENSION TO GENERAL COURSE OF USG-GOT BILATERAL RELATIONS. I URGE THAT IF AT ALL POSSIBLE, WE BE AUTHORIZED TO TELL GOT THAT CREDIT OFFER IS STILL OPEN.

2. BENNOUR CALLED IN CHUSLOT MORNING JUNE 8 TO DISCUSS FY 74 FMS CREDIT TERMS PREVIOUSLY REFUSED BY GOT. FROM CONVERSATION, IT APPEARED THAT ALTHOUGH
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TERMS CLEARLY EXPLAINED (TUNIS 3106) MOD KHEFACHA

APPARENTLY FAILED TO COMPREHEND THAT INCREASED INTEREST RATE IS NOT CONTROLLED BY USG BUT IS RATE USG MUST PAY FOR MONEY. BENNOUR INDICATED GOT ASSUMED INCREASE IN INTEREST OVER RATE LAST OFFERED WITH FY 72 CREDIT ARRANGEMENT WAS USG DECISION AND INDICATED LESSENER USG REGARD FOR GOT DEFENSE REQUIREMENTS. BENNOUR FURTHER INTIMATED THAT USG WAS PROBABLY OFFERING MORE FAVORABLE INTEREST RATE TO ISRAEL. CHUSLOT AND DPTY CHUSLOT EXPLAINED THAT MONEY IS OBTAINED COMMERCIALY BY USG AND THAT INTEREST RATE IS THE CURRENT COST OF MONEY TO USG. FURTHER, THAT THE SAME RATE OBTAINS FOR ALL FMS CREDIT REGARDLESS OF RECIPIENT COUNTRY, AND WAS NOT TO BE CONSTRUED AS EVIDENCE OF LESSENER USG INTEREST.

3. WHILE BENNOUR TENDED TO SPEAK IN PRESENT TENSE AS IF CREDIT WERE STILL AVAILABLE, HE WAS REMINDED SEVERAL TIMES DURING MEETING THAT CREDIT FOR FY 74 HAD BEEN REFUSED BY MOD KHEFACHA (TUNIS 3213). IN A PHONE CALL AFTER MEETING CHUSLOT WAS INFORMED THAT BENNOUR HAD MET WITH KHEFACHA AND GOT NOW WISHED TO ACCEPT CREDIT IF AT ALL POSSIBLE. BENNOUR IS LEAVING FOR PARIS ESTIMATE RETURN O/A 17 JUNE. HE CAN SIGN AN AGREEMENT UPON RETURN.

4. BENNOUR, WHO WAS IN USA ON IV GRANT AT TIME TERMS OF FY 74 CREDITS WERE CONVEYED TO KHEFACHA AND DECISION TAKEN BY GOT TO TURN OFFER DOWN, HAS NOW DONE WHAT MINISTRY OF DEFENSE SHOULD HAVE DONE WHEN CONDITONS OF FY 74 CREDITS WERE GIVEN TO THEM, I.E., HE HAS TAKEN ADVANTAGE OF OFFER WE MADE TO KHEFACHA AT TIME CREDITS OFFERED TO DISCUSS WITH MINISTRY ANY OR ALL QUESTIONS CONCERNING TERMS. IT NOW QUITE CLEAR THAT DESPITE OUR CAREFUL EXPLANATION OF CREDIT TERMS AT THAT TIME, KEFACHA DID NOT FULLY UNDERSTAND THEM (PARTICULARLY INTEREST RATE), AND DID NOT TAKE TROUBLE TO SEEK CLARIFICATION. INSTEAD, HE WENT TO BOURGUIBA WITH INFORMATION THAT WAS PROBABLY BOTH INCOMPLETE AND BASED UPON SOME MISUNDERSTANDING OR BOTH, AND BOURGUIBA MADE SNAP DECISION TO TURN DOWN OFFER.

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5. IT ALSO QUITE CLEAR FROM CHARGE'S CONVERSATIONS WITH CHEDLI KLIBI, DIRECTOR OF PRESIDENT'S CABINET, THAT MATTER HAS BEEN BOTHERING BOURGUIBA WHO PROBABLY READ WRONG SIGNAL INTO SITUATION TO EFFECT THAT US WAS LOSING INTEREST IN SUPPORT FOR TUNISIAN MILITARY AND BY EXTENSION WAS THEREFORE SOMEHOW LESS INTERESTED IN MAINTAINING OUR TRADITIONAL CLOSE BILATERAL TIES. BENNOUR'S WILLINGNESS REOPEN MATTER IN FACE OF

PRESIDENTIAL DECISION TOOK SOME COURAGE, AND HAS
PROVIDED CHANCE TO RETRIEVE SITUATION AND REASSURE
PRESIDENT. I REALIZE THAT DEADLINE DATE FOR SIGNING
AGREEMENT HAS PASSED, BUT I NONETHELESS URGE THAT IF
AT ALL POSSIBLE, WE BE AUTHORIZED INFORM BENNOUR THAT
CREDIT OFFER IN AMOUNT OF DOLS 2.5 MILLION IS STILL
OPEN. I WOULD APPRECIATE REPLY AT EARLIEST POSSIBLE
MOMENT.
TIENKEN

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Message Attributes

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